Landsec

Press release

Title	Full-year results announcement
From	Landsec
Date	12.05.20

Resilient operational performance, strong balance sheet and decisive response to Covid-19

Chief Executive Mark Allan said:

"I join Landsec at an extraordinary time. The effects of Covid-19 are accelerating ongoing structural trends across the real estate sector, while its longer-term societal and economic consequences are yet to be determined. Landsec's strong balance sheet and resilient operational performance have enabled us to respond to immediate challenges posed by Covid-19 with speed and decisiveness. Our £80m rent relief fund has offered targeted support to occupiers, alongside broader options of rent deferrals and monthly payments, and our £500,000 of community grants is providing financial assistance to our charity partners.

"I am confident Landsec is approaching the future from a position of strength. We are prepared to be bold in our thinking as we navigate both the challenges and opportunities arising in the long term from changing market trends and will not lose sight of our wider sustainability objectives. We will continue to lead the sector on major issues such as climate change and remain committed to acting as a force for good in the communities in which we operate."

Financial results

- Revenue profit(1)(2) down 6.3% to £414m
- Revenue profit(1)(2) down 1.1% to £437m before provisions related to 2020/21 rent
- Loss before tax for the year of £837m (2019: loss of £123m)
- Adjusted diluted earnings per share(1)(2) down 6.4% to 55.9p
- No final dividend; full year dividend down 49.1% to 23.2p per share
- Combined Portfolio(1)(2) valued at £12.8bn, with a valuation deficit(1)(2) of £1,179m or 8.8%(3)
- EPRA net tangible assets per share(1) down 11.6% to 1,192p
- Ungeared total property return(4) of -4.5%
- Total business return(1) of -8.2%

Strong financial position

- Group LTV ratio(1)(2) at 30.7% (31 March 2019: 27.1%)
- Adjusted net debt(1)(2) of £3.9bn (31 March 2019: £3.7bn)
- Weighted average cost of debt at 1.8% (31 March 2019: 2.7%)
- Weighted average maturity of debt at 9.6 years (31 March 2019: 12.3 years)

- Cash and available facilities[2] of £1.2bn

Resilient operational metrics

- High occupancy with like-for-like voids[4] at 2.4% (31 March 2019: 2.4%)
  - Office at 1.3% (31 March 2019: 1.0%)
  - Retail at 3.9% (31 March 2019: 4.0%)
  - Specialist at 1.2% (31 March 2019: 1.5%)
- Like-for-like net rental income, before provisions related to next year's rent, down £4m or 0.7%
  - Office up £7m or 2.9%
  - Retail down £10m or 3.9%
  - Specialist down £1m or 1.2%
- Retail destinations significantly outperforming national benchmarks for footfall and sales
  - 11 months footfall down 1.2% vs benchmark down 3.7%
  - 11 months same centre sales up 0.9% (up 0.1% excluding automotive sales) vs benchmark down 3.2%

Maintaining momentum and preserving optionality in our pipeline of developments

- 0.6 million sq ft of fully committed developments in London, scalable to 2.0 million sq ft of space within 2 years:
  - On site constructing 0.6 million sq ft of fully pre-let office space at 21 Moorfields, EC2
  - On site building to grade 0.4 million sq ft of speculative office developments at Nova East, SW1; Lucent, W1 and 105 Sumner Street, SE1 with the option to progress or cease construction later in the year
  - Progressing plans to re-purpose a number of retail assets in key cities to include office and residential space.
  - Option to commence a further 0.8 million sq ft of office-led developments in London as early as this year and another 0.2 million sq ft in 2021

Decisive response to Covid-19

- £80m rent relief fund established to support occupiers, with a focus on food and beverage operators and small businesses alongside broader options of rent deferrals and monthly payments
- £500,000 of grants immediately available to existing charity partners, further supplemented by the Board of Directors waiving 20% of their base salaries or fees for an initial period of three months
- Working with customers to manage the safety and security of assets through the lockdown period and beyond
- Swiftly reduced service charge costs for occupiers

Industry leader in sustainability

- Committed to becoming a net zero carbon business by 2030, with first net zero carbon building under way at 105 Sumner Street, SE1

- Delivered a 42% reduction in carbon emissions compared with 2013/14 baseline, in line with our updated science-based target to reduce emissions by 70% by 2030
- Recognised as sector leader, ranking first in the UK and Europe among our peer group in the Global Real Estate Sustainability Benchmark (GRESB), for mixed office and retail space
- Achieved a place on the CDP climate change A-List for the third year running. Landsec is the only UK REIT to hold an A rating
- Delivered over £4.8m of social value through our community programme

Results summary

	31 March 2020	31 March 2019	Change
Revenue profit(1)(2)	£414m	£442m	Down 6.3%
Revenue profit(1)(2) before provisions related to 2020/21 rent	£437m	£442m	Down 1.1%
Valuation deficit(1)(2)	£(1,179)m	£(557)m	Down 8.8%(3)
Loss before tax	£(837)m	£(123)m	
Basic loss per share	(112.4)p	(16.1)p	
Adjusted diluted earnings per share(1)(2)	55.9p	59.7p	Down 6.4%
Dividend per share	23.2p	45.55p	Down 49.1%
Net assets per share	1,182p	1,341p	Down 11.9%
EPRA net tangible assets per share(1)	1,192p	1,348p	Down 11.6%
Group LTV ratio(1)(2)	30.7%	27.1%	

1. An alternative performance measure. The Group uses a number of financial measures to assess and explain its performance, some of which are considered to be alternative performance measures as they are not defined under IFRS. For further details, see the Financial review and table 17 in the Business analysis section.
2. Including our proportionate share of subsidiaries and joint ventures, as explained in the Financial review.
3. The % change for the valuation deficit represents the fall in value of the Combined Portfolio over the year, adjusted for net investment.
4. For further details, see the Business analysis section.

Ends

About Landsec

At Landsec, we believe great places are for people to experience and are made with the experience of great people.

As one of the largest real estate companies in Europe, our £12.8 billion portfolio spans 24 million sq ft (as at full-year results announcement) of well-connected, experience-led retail, leisure, workspace and residential hubs, with a growing focus on London. From the iconic Piccadilly Lights in the West End and the regeneration of London’s Victoria, to the creation of retail destinations at Westgate Oxford and Trinity Leeds, we own and manage some of the most successful and memorable real estate in the UK.

We aim to lead our industry in critical long-term issues – from diversity and community employment, to carbon reduction and climate resilience. We deliver value for our shareholders, great experiences for our customers and positive change for our communities. At Landsec, everything is experience.

Find out more at landsec.com

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